

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

W-02483A
Tonto Hills Utility Company
11802 E. Blue Wash Rd
Cave Creek, AZ 85331

RECEIVED

APR 13 2006

AZ CORPORATION COMMISSION
DIRECTOR OF UTILITIES

ANNUAL REPORT

FOR YEAR ENDING

12	31	2005
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FOR COMMISSION USE

ANN04	05
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entered
4-13-06
RF

COMPANY INFORMATION

Company Name (Business Name) <u>TONTO HILLS UTILITY Co.</u>		
Mailing Address <u>11802 E. BLUE WASH RD.</u>		
<u>CAVE CREEK</u> (City)	<u>AZ.</u> (State)	<u>85331</u> (Zip)
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)
Email Address _____		
Local Office Mailing Address <u>11802 E. BLUE WASH RD.</u>		
<u>CAVE CREEK</u> (City)	<u>AZ.</u> (State)	<u>85331</u> (Zip)
<u>480 488 0253</u>	<u>480 922 9872</u>	<u>—</u>
Local Office Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)
Email Address <u>—</u>		

MANAGEMENT INFORMATION

Management Contact: <u>DON UNTHANK</u>		<u>PRES.</u>
(Name)		(Title)
<u>11802 E BLUE WASH RD CAVE CREEK AZ 85331</u>		
(Street)	(City)	(State) (Zip)
<u>480 488 0253</u>	<u>480 922 9872</u>	
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)
Email Address _____		
On Site Manager: <u>LOU FREDERICK</u>		
(Name)		
<u>11431 E MANANA CAVE CREEK AZ 85331</u>		
(Street)	(City)	(State) (Zip)
<u>480 575 3075</u>	<u>480 488 9389</u>	<u>—</u>
Telephone No. (Include Area Code)	Fax No. (Include Area Code)	Pager/Cell No. (Include Area Code)
Email Address <u>—</u>		

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

Statutory Agent: ROBERT A. JOHNSTON JR.
 (Name)
6702 E CAVE CREEK RD #3 CAVE CREEK AZ 85331
 (Street) (City) (State) (Zip)
480 488 3825 480 488 5571
 Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)
 Attorney: LOOSE, BROWN & ASSOCIATES, P.C.
 (Name)
11209 N. TATUM BLVD SUITE 130 PHOENIX, AZ 85028
 (Street) (City) (State) (Zip)
602 971 4800
 Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

OWNERSHIP INFORMATION

Check the following box that applies to your company:

- | | |
|-------------------------------------------------|---------------------------------------------------------------------------|
| <input type="checkbox"/> Sole Proprietor (S) | <input type="checkbox"/> C Corporation (C) (Other than Association/Co-op) |
| <input type="checkbox"/> Partnership (P) | <input checked="" type="checkbox"/> Subchapter S Corporation (Z) |
| <input type="checkbox"/> Bankruptcy (B) | <input type="checkbox"/> Association/Co-op (A) |
| <input type="checkbox"/> Receivership (R) | <input type="checkbox"/> Limited Liability Company |
| <input type="checkbox"/> Other (Describe) _____ | |

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

- | | | |
|-------------------------------------|----------------------------------------------|-----------------------------------|
| <input type="checkbox"/> APACHE | <input type="checkbox"/> COCHISE | <input type="checkbox"/> COCONINO |
| <input type="checkbox"/> GILA | <input type="checkbox"/> GRAHAM | <input type="checkbox"/> GREENLEE |
| <input type="checkbox"/> LA PAZ | <input checked="" type="checkbox"/> MARICOPA | <input type="checkbox"/> MOHAVE |
| <input type="checkbox"/> NAVAJO | <input type="checkbox"/> PIMA | <input type="checkbox"/> PINAL |
| <input type="checkbox"/> SANTA CRUZ | <input type="checkbox"/> YAVAPAI | <input type="checkbox"/> YUMA |
| <input type="checkbox"/> STATEWIDE | | |

COMPANY NAME

Tonto Hills Utility Co

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization	385		385
302	Franchises			
303	Land and Land Rights	448219		448219
304	Structures and Improvements	2277	996	1281
307	Wells and Springs	50197	43216	6981
311	Pumping Equipment	47247	19923	27324
320	Water Treatment Equipment	26269	15682	10587
330	Distribution Reservoirs and Standpipes	12200	8530	3670
331	Transmission and Distribution Mains	136463	116292	19771
333	Services	14598	6833	7765
334	Meters and Meter Installations	3650	2073	1577
335	Hydrants	1325	365	960
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	6231	2453	3778
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment	14150	2655	11495
348	Other Tangible Plant			
	TOTALS	762811	219018	543793

This amount goes on the Balance Sheet Acct. No. 108

COMPANY NAME

Tonto Hills Utility Co.

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization	385		
302	Franchises			
303	Land and Land Rights	448219		
304	Structures and Improvements	2277	5%	114
307	Wells and Springs	50197		2510
311	Pumping Equipment	47247		2362
320	Water Treatment Equipment	26269		1313
330	Distribution Reservoirs and Standpipes	12200		610
331	Transmission and Distribution Mains	136063		6803
333	Services	14898		730
334	Meters and Meter Installations	3650		183
335	Hydrants	1325		66
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment			
340	Office Furniture and Equipment	6231	5%	312
341	Transportation Equipment			
343	Tools, Shop and Garage Equipment			
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment	14150	5%	707
348	Other Tangible Plant			
	TOTALS	762811		15710

This amount goes on the Comparative Statement of Income and Expense
Acct. No. 403.

COMPANY NAME	Tonto Hills Utility Co.
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BALANCE SHEET

Acct No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	ASSETS		
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 16708	\$ 32181
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	11,144	12133
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies		
162	Prepayments	Ø	
174	Miscellaneous Current and Accrued Assets	17969	20466
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 45821	\$ 64780
	FIXED ASSETS		
101	Utility Plant in Service	\$ 762811	\$ 762811
103	Property Held for Future Use		
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant	(203,308)	(219018)
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	TOTAL FIXED ASSETS	\$ 559,503	\$ 543793
	Acquisition Adjustment	(654)	(3518)
	TOTAL ASSETS	\$ 553,349	\$ 540275

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

COMPANY NAME Tonto Hills Utility Co.

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITES		
231	Accounts Payable	\$	\$
232	Notes Payable (Current Portion)		
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits	18619	18229
236	Accrued Taxes	2481	
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities	208	208
	TOTAL CURRENT LIABILITIES	\$ 21308	\$ 2552
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$ 249427	\$ 238819
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction		
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction	681	
272	Less: Amortization of Contributions		
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$ 681	\$ 0
	TOTAL LIABILITIES	\$ 271416	\$ 241371
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$ 66000	\$ 66000
211	Paid in Capital in Excess of Par Value		
215	Retained Earnings	378851	379965
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	\$ 444851	\$ 445965
	TOTAL LIABILITIES AND CAPITAL	\$ 716267	\$ 687336

COMPANY NAME

Tonto Hills Utility Co

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 130203	\$ 133172
460	Unmetered Water Revenue		
474	Other Water Revenues	350	295
	TOTAL REVENUES	\$ 130553	\$ 133467
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 7064	\$ 6534
610	Purchased Water	30481	35893
615	Purchased Power	2874	571
618	Chemicals	403	0
620	Repairs and Maintenance	2284	1537
621	Office Supplies and Expense	2034	2419
630	Outside Services	34677	33851
635	Water Testing	6697	2980
641	Rents	0	
650	Transportation Expenses		
657	Insurance – General Liability	19731	6740
659	Insurance - Health and Life		
666	Regulatory Commission Expense – Rate Case		
675	Miscellaneous Expense	542	312
403	Depreciation Expense	15710	15710
408	Taxes Other Than Income	0	0
408.11	Property Taxes	3881	4012
409	Income Tax		
	TOTAL OPERATING EXPENSES	\$ 126370	\$ 110559
	OPERATING INCOME/(LOSS)	\$ 4183	\$ 22908
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$ 76	\$ 52
421	Non-Utility Income	3585	2636
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	(14561)	(16509)
	TOTAL OTHER INCOME/(EXPENSE)	\$ (10900)	\$ (13821)
	NET INCOME/(LOSS)	\$ (6717)	\$ 9087

Tonto Hills Utility Co.

Long-Term Debt

Meter Deposit Balance at Test Year End	\$ _____
Meter Deposits Refunded During the Test Year	\$ _____

COMPANY NAME

Tonto Hills Utility Co.

WATER COMPANY PLANT DESCRIPTIONWELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
SS-524-069	7.5	11.1 ?	990	8"	Two 3/4	?
ABOVE WELL WAS DE COMMISSIONED ON 12/27/05 AND HAS NOT BEEN USED SINCE APRIL 26/2004						

* Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)
CAP. WATER THRU CITY OF SCOTTSDALE SYSTEM	20/70	• 9908.4

BOOSTER PUMPS		FIRE HYDRANTS	
Horsepower	Quantity	Quantity Standard	Quantity Other
SEE "WELLS" ABOVE			

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
64,000 GAL	1		

COMPANY NAME

TONTA HILLS UTILITY CO.

WATER COMPANY PLANT DESCRIPTION (CONTINUED)**MAINS**

Size (in inches)	Material	Length (in feet)
2	PVC (C-800)	3216
3		
4	A.P.C.	19,050
5		
6"	A.P.C.	6,140
8		
10		
12		
4"	PVC (C-800)	4,460
THIS IS CORRECT- ED FROM PREVIOUS YEARS		

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	126
3/4	
1	1
1 1/2	
2	
Comp. 3	
Turbo 3	
Comp. 4	
Tubo 4	
Comp. 6	
Tubo 6	

For the following three items, list the utility owned assets in each category.

TREATMENT EQUIPMENT:

NONE

STRUCTURES:

NONE

OTHER:

COMPANY NAME: TONTA HILLS UTILITY Co

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2005

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD	GALLON PUMPED (Thousands)
JANUARY	127	591,380	
FEBRUARY	127	452,683	
MARCH	127	630,711	
APRIL	128	805,266	WELL
MAY	127	782,044	NOT IN
JUNE	128	894,636	USE AFTER
JULY	130	926,440	26 APRIL
AUGUST	128	804,200	2004
SEPTEMBER	127	852,060	
OCTOBER	127	712,770	
NOVEMBER	127	638,290	
DECEMBER	127	695,021	
TOTAL		8,785,501	

Is the Water Utility located in an ADWR Active Management Area (AMA)?

☒ Yes

☐ No

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?

☐ Yes

☒ No

If yes, provide the GPCPD amount: _____

What is the level of arsenic for each well on your system. _____ mg/l

(If more than one well, please list each separately.)

Note: If you are filing for more than one system, please provide separate data sheets for each system.

NO WELL BEING USED

COMPANY NAME TOWTO HILLS UTILITY Co YEAR ENDING 12/31/2005

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2005 was: \$ 4011.54

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

**VERIFICATION
AND
SWORN STATEMENT**
Taxes

RECEIVED

APR 13 2006

VERIFICATION

STATE OF Arizona

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) <u>MARICOPA COUNTY</u>
NAME (OWNER OR OFFICIAL) TITLE <u>Robert A. Johnston Jr.</u>
COMPANY NAME <u>FOOTHILLS ACCOUNTING, Inc.</u>

AZ CORPORATION COMMISSION
DIRECTOR OF UTILITIES

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

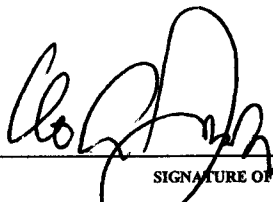
MONTH	DAY	YEAR
12	31	2005

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.



SIGNATURE OF OWNER OR OFFICIAL

480 488-3825

TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

9th



LISA M. ERVIN
Notary Public - Arizona
MARICOPA COUNTY
My Commission Expires
FEBRUARY 29, 2008

COUNTY NAME <u>Maricopa</u>
MONTH <u>March</u>
YEAR <u>2006</u>



SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES 2-29-08

COMPANY NAME TONTU HILLS UTILITY Company YEAR ENDING 12/31/2005

INCOME TAXES

For this reporting period, provide the following:

Federal Taxable Income Reported 405
Estimated or Actual Federal Tax Liability 0

State Taxable Income Reported 0
Estimated or Actual State Tax Liability 0

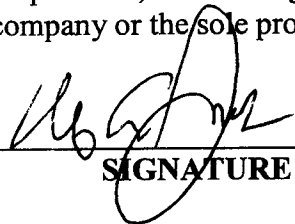
Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances 0
Amount of Gross-Up Tax Collected 0
Total Grossed-Up Contributions/Advances 0

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.


SIGNATURE

03-14-06
DATE

Robert A. Johnston, JR
PRINTED NAME

AGENT
TITLE

RECEIVED

APR 13 2006

AZ CORPORATION COMMISSION
DIRECTOR OF UTILITIES

VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) <u>MARICOPA County</u>	
NAME (OWNER OR OFFICIAL) <u>Robert A Johnston JR</u>	TITLE <u>President</u>
COMPANY NAME <u>FOOTHILLS ACCOUNTING, INC.</u>	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION
FOR THE YEAR ENDING

MONTH	DAY	YEAR
<u>12</u>	<u>31</u>	<u>2005</u>

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2005 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES \$ <u>141905</u>

(THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 8438
IN SALES TAXES BILLED, OR COLLECTED)

*RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.

[Signature]
SIGNATURE OF OWNER OR OFFICIAL
480 488-2025
TELEPHONE NUMBER

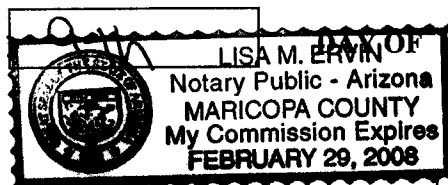
SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

(SEAL)

MY COMMISSION EXPIRES 2-29-08



NOTARY PUBLIC NAME <u>Lisa M. Ervin</u>	
COUNTY NAME <u>Maricopa</u>	
MONTH <u>March</u>	<u>2006</u>

X [Signature]
SIGNATURE OF NOTARY PUBLIC

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

RECEIVED

APR 13 2006

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)
<u>MARICOPA County</u>
NAME (OWNER OR OFFICIAL) TITLE
<u>ROBERT A. JOHNSTON, JR.</u>
COMPANY NAME
<u>FOOTHILLS ACCOUNTING, INC.</u>

AZ CORPORATION COMMISSION
DIRECTOR OF UTILITIES

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH	DAY	YEAR
12	31	2005

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

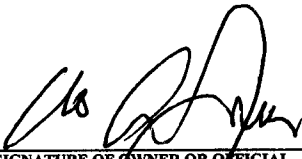
IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2005 WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$ 141905

(THE AMOUNT IN BOX ABOVE
INCLUDES \$ 8438
IN SALES TAXES BILLED, OR COLLECTED)

****REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**



SIGNATURE OF OWNER OR OFFICIAL
480 488-3825

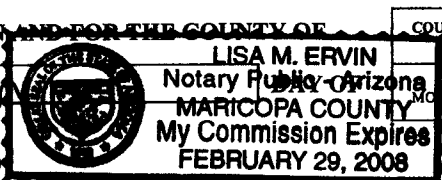
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS

(SEAL)

	COUNTY NAME	<u>Maricopa</u>
	NAME	<u>LISA M. ERVIN</u>
	MONTH	<u>March</u>
	YEAR	<u>2006</u>



SIGNATURE OF NOTARY PUBLIC

MY COMMISSION EXPIRES 2-29-08

(277099 = PRTCNTL)

Form **1120S**Department of the Treasury
Internal Revenue Service**U.S. Income Tax Return for an S Corporation**

► Do not file this form unless the corporation has filed
Form 2553 to elect to be an S corporation.
► See separate instructions.

OMB No. 1545-0130

2005

For calendar year 2005, or tax year beginning , 2005, and ending

A Effective date of S election 5/11/1986	Use the IRS label. Otherwise, print or type.	TONTO HILLS UTILITY COMPANY 42062 N. TURQUOISE LANE CAVE CREEK, AZ 85331	C Employer identification number 86-0574821
B Business code number (see instructions) 221300			D Date incorporated 5/11/1986
			E Total assets (see instructions) \$ 542,094.

F Check applicable boxes: (1) ☐ Initial return (2) ☐ Final return (3) ☐ Name change (4) ☐ Address change (5) ☒ Amended return

G Enter number of shareholders in the corporation at end of the tax year. ► 9

Caution: Include *only* trade or business income and expenses on lines 1a through 21. See the instructions for more information.

INCOME	1 a Gross receipts or sales.	133,518.	b Less returns and allowances		c Bal ►	1 c	133,518.
	2 Cost of goods sold (Schedule A, line 8)					2	
	3 Gross profit. Subtract line 2 from line 1c.					3	133,518.
	4 Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797)					4	
	5 Other income (loss) (attach statement)			See Statement 1		5	2,636.
	6 Total income (loss). Add lines 3 through 5.					6	136,154.
DEDUCTIONS	7 Compensation of officers					7	3,000.
	8 Salaries and wages (less employment credits)					8	2,995.
	9 Repairs and maintenance					9	175.
	10 Bad debts					10	
	11 Rents					11	
	12 Taxes and licenses					12	4,996.
	13 Interest					13	14,035.
	14 a Depreciation (attach Form 4562)	14 a	28,981.				
	b Depreciation claimed on Schedule A and elsewhere on return	14 b					
	c Subtract line 14b from line 14a					14 c	28,981.
	15 Depletion (Do not deduct oil and gas depletion.)					15	
	16 Advertising					16	30.
	17 Pension, profit-sharing, etc., plans					17	
	18 Employee benefit programs					18	
	19 Other deductions (attach statement)			See Statement 2		19	81,537.
20 Total deductions. Add the amounts shown in the far right column for lines 7 through 19.					20	135,749.	
21 Ordinary business income (loss). Subtract line 20 from line 6.					21	405.	
TAX AND PAYMENTS	22 Tax: a Excess net passive income tax (attach statement)	22 a					
	b Tax from Schedule D (Form 1120S)	22 b					
	c Add lines 22a and 22b (see the instructions for additional taxes)					22 c	
	23 Payments: a 2005 estimated tax payments and amount applied from 2004 return	23 a					
	b Tax deposited with Form 7004	23 b					
	c Credit for Federal tax paid on fuels (attach Form 4136)	23 c					
	d Add lines 23a through 23c.					23 d	
	24 Estimated tax penalty (see instructions). Check if Form 2220 is attached					24	
25 Tax due. If line 23d is smaller than the total of lines 22c and 24, enter amount owed					25	0.	
26 Overpayment. If line 23d is larger than the total of lines 22c and 24, enter amount overpaid					26		
27 Enter amount of line 26 you want: Credited to 2006 estimated tax. ► Refunded					27		

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer _____ Date _____ Title _____

May the IRS discuss this return with the preparer shown below (see instructions)?

☒ Yes ☐ No

Paid Preparer's Use Only	Preparer's signature	► Robert A. Johnston, Jr.	Date		Check if self-employed <input checked="" type="checkbox"/>	Preparer's SSN or PTIN	P00087337
	Firm's name (or yours if self-employed), address, and ZIP code	Foothills Accounting, Inc. 6702 E. Cave Creek Rd. #3 Cave Creek, AZ 85331					
	EIN	86-0929919					
	Phone no.	(480) 488-3825					

BAA For Privacy Act and Paperwork Reduction Act Notice, see the separate instructions.

SPSA0105L 12/08/05

Form 1120S (2005)

"Hook Up" FEES

NAME

"A" J. RICHARD SMAIL

AMOUNT

"B" 7500.00

PLANT CONSTRUCTED

"C" FUNDS TO BE USED FOR
TREAT / TRANSPORT FEES
TO SCOTTSDALE FOR EACH
A/E OF WATER

BALANCE HOOK UP FEE

"D" 7,500.00

"E" INTEREST EARNED

~~INTEREST~~ - IN ADVERTANTLY
PLACED IN A CHECKING ACCT.

Morgan Stanley
Active Assets Account

J. RICHARD SMAIL
NURY SMAIL
P.O. BOX NO. 5102
CAREFREE, AZ 85377-5102

711

25-80/440

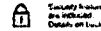
Date: 2-10-2005

Pay to the
Order of

TONTO HILLS UTILITY COMPANY

\$ 8,415⁰⁰

EIGHT THOUSAND FOUR HUNDRED & FIFTEEN⁰⁰ Dollars



Morgan Stanley DW Inc.
Bank One, Columbus, MA
Columbus, Ohio 43271

Expense
Analyst

For WATER FEES LOT 215

⑆044000804⑆8901079055476⑈ 0711

Hook up FEE (1" METER) 7,500⁰⁰

ACCOUNT OPENED @ COMPASS BANK

900⁰⁰ OR \$8,915 - ek FOR CONNECTION
FEE

15⁰⁰ = TURN ON FEE

J. RICHARD SMAIL
LOT 215 (COMMERCIAL LOT)

Primary Account: 2504297732

Page 1 of 1

Enclosures 0

Dec 01, 2005 to Dec 30, 2005



31

042 000017520 01 AT 0.292 76
|||||
TONTA HILLS UTILITY CO
HOOK UP FEES
PO BOX 4648
CAVE CREEK AZ 85327-4648

Change In Terms Notice

Effective immediately, should your account become overdrawn and continue with a negative balance for six (6) consecutive calendar days, an extended overdraft fee of \$36 will be charged. Thereafter, if your account continues to maintain a negative balance, a fee of \$6 per calendar day will be assessed beginning on the seventh (7th) calendar day and will continue until day thirty (30) of overdraft status or until the account is brought to a positive balance, whichever occurs first. This extended overdraft fee is in addition to any NSF fees you may incur as a result of items being presented against insufficient funds.

Our website has changed. Visit our new site at www.compassbank.com

The trust you've placed in Compass Bank is precious. You have our pledge that we will work hard to honor that trust--everyday. Thank you for your business!

If you have questions about your statement, call Customer Service at 1-800-822-5127.

Sm. Business Checking
2504297732

TONTA HILLS UTILITY CO
HOOK UP FEES

Deposit Account Recap

Beginning Balance as of December 1, 2005

7,500.00

There was no Deposit activity during this Statement Period.

Ending Balance as of December 30, 2005

7,500.00